

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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CREDIT UNION COMMISSION HOLDS SECOND MEETING

The Credit Union Commission held their second meeting May 19th. All commission members were present. Also present were representatives from the Missouri Attorney General's office, Missouri Credit Union League, and the Division of Credit Unions.

The Commission continued their discussion on proposed rules for:

- ◆ the Commission's organization and rules of procedure,
- ◆ definitions for credit union membership and chartering,
- ◆ criteria for additional membership groups, and
- ◆ economic advisability for the formation of new credit unions.

After considering various options, the Commission adopted motions approving the conceptual wording of regulations for each of the areas listed above. The Commission also took action to proceed with adopting emergency rules. Through use of the emergency provision, the rules may become effective as soon as ten days after the date filed with the Secretary of State. If the Commission continues on the timetable established at this meeting, the Division of Credit Unions should be able to once again receive applications for field of membership changes by July 15th.

The next Commission meeting is scheduled for June 3rd from 11:00 a.m. to 3:00 p.m. at the Division of Credit Union's office, Jefferson City. At this meeting the Commission will review the

language for each rule and consider adoption as emergency rules. Commission meetings are open to the public.

PROPOSED LEGISLATION UPDATE

As we reported in the last newsletter, the Division of Credit Unions is particularly interested in three bills before the Missouri Legislature.

- ◆ House Bill 14 provides supplemental spending authority for implementing last year's House Bill 1323; in particular to fund the expenses of the Credit Union Commission. Governor Carnahan signed this bill into law on April 7th.
 - ◆ The House and Senate have approved different versions of House Bill 7, which provides funding for next fiscal year's budget for the Division of Credit Unions. The House and Senate agreed to the conference committee substitute and the final bill was delivered to Governor Carnahan for his signature on May 18th.
 - ◆ House Bill 825, which modifies the Division's fee structure, was amended into House Bill 822 on the House floor, and approved on April 7th. The same language was also amended into Senate Bill 386. The House and Senate acted on the revised bill on May 10th, on May 18th the bill was delivered to Governor Carnahan for his signature.
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COMMUNITY INVESTMENT FUND

Recently the National Credit Union Foundation in partnership with the Association of Corporate Credit Unions and the Association of Credit Union League Executives established a

Community Investment Fund (CIF). The CIF will provide funding for:

- ◆ Education of credit union and league employees and volunteers
- ◆ Public education initiatives related to credit unions
- ◆ Projects/programs that support new, small, or community development credit unions
- ◆ Programs/projects that extend credit union services to the unserved or underserved

This program is administered through the corporate credit union system. Credit unions invest in a special share account at a corporate credit union and the corporate credit union then invests a matching amount in U.S. Central Credit Union. A portion of the dividend (up to 2%) is then paid to the National Credit Union Foundation.

On May 19, 1999 the National Credit Union Administration's (NCUA) Board voted to exempt these funds from corporate reserving requirements. The Division of Credit Unions does not endorse any particular investment but credit unions should be aware of the CIF and their ability to support the fund. For more information on how your credit union can participate in the CIF, contact Missouri Corporate Credit Union or Pat Gottfried, Development Officer, National Credit Union Foundation at 1-800-356-9655, ext. 4396.

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- ◆ Credit unions must complete Y2K testing and develop written business resumption contingency plans and liquidity plans by June 10th. Examiners have already or will soon be contacting credit unions to determine compliance with these requirements. It is the Division of Credit Union's goal that all credit unions will complete these tasks by this date.
- ◆ There may be some confusion about some of the terminology used by the NCUA in their recently published capital guidelines for

Prompt Corrective Action. Such terms as "well capitalized" or "adequately capitalized" are used to describe certain capital ratio ranges. Do not be confused! These definitions are for regulatory purposes only and are not to be construed by credit unions as an endorsement of capital positions.

- ◆ As always the Division of Credit Unions is available to assist credit unions and their members in any way we can. Our staff has a significant amount of credit union experience so it is likely we have experienced the things that you may have questions about. We urge you to call your examiner or this office concerning any matter that you feel we may be able to help you with.
- ◆ Recently the Division of Credit Unions participated in the Missouri Credit Union League's annual meeting. The Director has continued to visit credit unions and attend annual meetings when he has been invited and his schedule permits. We welcome these opportunities to interact with the credit union community outside our formal regulatory role.

John P. Smith, Director